



STATE OF DELAWARE  
EXECUTIVE DEPARTMENT  
OFFICE OF MANAGEMENT AND BUDGET

April 19, 2016

TO: ALL OFFERORS

FROM: ROXANN M. PARKER, CPPB  
STATE CONTRACT PROCUREMENT Supervisor

SUBJECT: ADDENDUM TO REQUEST FOR PROPOSAL #GSS16157-FUEL\_MGMT

**ADDENDUM #2**

This addendum is issued to answer questions from interested bidders as follows. Be advised that as a result of this Addendum, Appendix B- Pricing has been revised. Bidders should submit pricing on Appendix B- Revised.

1. We are an NJPA awarded vendor with its full fleet card program offering. Is there a place in the RFP response that we can indicate this should the state decide they want to pull back the RFP and use our services through that contract?

Answer: Section B. General Provisions, #16. Cooperatives: Vendors who have been awarded similar contracts through a competitive bidding process with a cooperative, are welcome to submit the cooperative pricing for this solicitation. Proposals will be evaluated and scored according to the criteria set forth in the RFP and Scope of Work.

2. **Page 8: L. Performance Bond Requirement** Q: The relationship between the fleet card vendor and the State would be a credit relationship. We would ask that the State remove the Performance Bond Requirement as it is not applicable to a credit agreement.

Answer: The State will not be removing the Bond Requirement language. If a bidder chooses to take exception to this term, please submit on the EXCEPTIONS Form, Attachment 3, and include in your proposal. There is a place on the Exceptions form for bidders to offer suggestion/solution.

3. **Page 11: Y. Subcontracts Subcontracting is permitted under this RFP and contract. However, every subcontractor shall be identified in the Proposal using Attachment 7.**  
Q: We have a number of vendors who provide services and products (such as printing and shipping of paper invoices and reporting, and creating and delivering of plastic fleet cards) for all of our customers. They would not be exclusively subcontracted to provide services and products for the State of Delaware and specific to this contract. Do we need to complete Attachments 6 and 7 for each of these vendors?

Answer: The State does not consider a vendor that is used to provide services and products to enable you to conduct business a subcontractor. An Attachment 7, Subcontractor Form should be submitted for any and all third party vendors used to perform the services set forth in this contract.

4. **Page 21: 13. INVOICING** After the awards are made, the agencies participating in the bid may forward their purchase orders (“P.O.”) to the successful Vendor(s) in accordance with State Purchasing Procedures. The State will generate a payment voucher upon receipt of an acceptable invoice from the vendor.

Q: Is the State of Delaware’s fleet program centrally billed or individually billed? Does each state agency receive its own invoice that it is responsible for paying, or is there one central bill that is created for all fuel transactions by all agencies that is paid by a central accounts payable function?

Answer: The State’s fleet program is individually billed by agency, i.e.; Delaware State Police will have their own account; DelDOT will have an account; GSS will have an account, etc.

5. **Page 57: Appendix A, Section 2. INFRASTRUCTURE (SITES) and B20 AVAILABILITY** List sites capable of providing priority service to Delaware State Police, Delaware Department of Transportation, and other emergency vehicles, and describe the type of priority services provided. Q: Please clarify what is meant by “priority service.”

Answer: Priority service means “highest ranking” The State needs to know which sites would remain operational and afford us the right to take precedence in obtaining services, especially during a shortage or an emergency.

6. **Page 58, Appendix A, Section 3. Pricing** Q: The RFP states that the State is open to hearing feedback on different pricing models; cost plus, retail minus discount, early pay incentives, etc. However, the pricing matrix that has been provided with the RFP doesn’t allow offerors to show the full economic potential of their offer. Is there a way we can show you your pricing options in some type of appendix document in our response?

The majority of both state and federal government fuel card programs utilize a retail minus discount pricing model. A typical financial offering for this market is made up of a combination of several items as outlined below:

1. A tiered rebate structure with rebates being calculated as cents per gallon:

Monthly Gallons	Cents Per Gallon Rebate
0-X	0.0250
X-XX	0.0300
XX-XXX	0.0325
XXX-X,XXX	0.0350

- I. A tiered rebate structure with rebates being calculated as a percentage against total dollars spent:

Monthly Gallons	Rebate Percentage Against Spend
0-X	0.8%
X-XX	1.11%
XX-XXX	1.22%
XXX-X,XXX	1.28%
X,XXX-XX,XXX	1.31%
XX,XXX+	1.34%

2. An early pay incentive is the second part of many offers. These are typically offered as either a sliding scale or fixed rebate against payment within a certain number of days.

- I. Sliding scale: These typically start around 30 days and “slide” to payment within 1 day.

Days to Pay	Additional Basis Points
1	15
2	14
3	13
4	12
5	11
6	10

- II. Fixed number of days:

Payment within 10 days	7 additional basis points
Payment within 15 days	5 additional basis points

3. A one-time signing bonus.
4. In situations where there is a partnership with a branded fuel retailer, both the offeror and the retailer would potentially bring rebate dollars to the table. This can take a few different forms, but the benefit to the state is even greater discounts/rebates being brought to the table.

By simply stating, “name your price on this one day net of taxes” it will be very difficult to judge retail minus discount pricing versus that of cost plus. Additionally, with a cost plus model, your drivers will not have the ability to “price shop” for the lowest priced fuel in the market. They will be locked into a small network of fuel retailers that they can purchase fuel at. In closing, monthly rebate dollars earned on the program are realized savings over extended periods of time; months and years. The current pricing matrix won’t take into account those savings along with the other financial incentives we have outlined above.

Answer: Appendix provides bidders the opportunity to describe the pricing structure they are proposing on Tab 1. Tab 2 of Appendix B asks bidders to provide net price per gallon, USING YOUR PRICING METHOD as it would apply on April 26, 2016. This is the State's preference for submitting price proposals.

Should a bidder wish to provide another benchmark or method, they should do so under separate cover, (an appendix, attachment, etc.). The offer will be reviewed and evaluated by the State in the same manner as all other offers. Proposals will be evaluated and scored according to the criteria set forth in the RFP and Scope of Work.

7. **Section III. Format for Proposal, Paragraph L (Performance Bond Requirement, pg. 8)**

In prior similar RFP & contract, the requirement for Performance Bond was waived, however we notice in this RFP the Performance Bond is not waived. We hope this was a mere oversight and **we request the Performance Bond requirement be waived just like in the past.** For a fuel card contract there is already more than sufficient financial burden on the vendor, the requirement for a performance bond in this type of service is excessively burdensome. Consider the following:

- The fuel card vendor carries accounts receivable for purchases by the State and other agencies for many weeks (often 30 days beyond monthly bill date), meanwhile card accepting merchants are paid weekly or some companies might pay merchants daily. So vendor already has hundreds of thousands of dollars of financial burden just in normal accounts receivable carry.
- The fuel card vendor is providing tax exempt billing under the contract. This requires vendor to pay card accepting merchants with all taxes included, then file tax exempt refund claims to the taxing authorities on behalf of the State or local governments. This is a large financial burden to the vendor, with claims filed monthly and often requiring 60 to 90 days for payment from taxing authorities.
- Requiring a performance bond makes serving this contract economically unviable because most bonding companies now require 100% collateral. It's not like this is a construction contract, there are no assets being built, this is a service contract. Performance bonding for such a service contract typically requires up-front cash or bank letters of credit to be held as collateral for the bond. This requires working capital to be held as collateral and causes unnecessary financial burden on the vendor.

If performance bond is not waived by the State, **please confirm whether a vendor will be considered non-responsive, or non-responsible by refusing to offer a performance bond as part of their response.**

Answer: The State will not be removing the Bond Requirement language. If a bidder chooses to take exception to this term, please submit on the EXCEPTIONS Form, Attachment 3, and include in your proposal. There is a place on the Exceptions form for bidders to offer suggestion/solution.

The State reserves the right to accept or reject any exception taken by a bidder, in part or in its entirety. All exceptions can be subject for negotiation between the State and the bidder. Proposals will be evaluated and scored according to the criteria set forth in the RFP and Scope of Work.

8. **Section B. General Provisions, Paragraph 36, Method of Payment (c) Page 28**

Paragraph 36 Method of Payment item c reads as follows with the area of concern shown in red print below:

- c. The agencies or school districts using this award will authorize and process for payment each invoice within thirty (30) days after the date of receipt of a correct invoice. **The State of Delaware intends to maximize the use of the P-Card for payment for goods and services provided under contract. Vendors shall not charge additional fees for acceptance of this payment method and shall incorporate any costs into their proposals.** Additionally there shall be no minimum or maximum limits on any P-Card transaction under the contract. While it is the State's intention to utilize the P-card payment method the State reserves, at its discretion, the right to pay by ACH/ ACI or check. Should a Vendor wish to provide a financial incentive to not process payment by P-Card in their proposal, they are to prepare their proposals to clearly outline any incentives for alternative payment methods the Vendor is willing to accept.

COMMENT: Accepting credit card (P-Card) payment of invoices imposes a direct expense on the Vendor of approximately 3% to 3.5% (the typical credit card payment processing fee imposed by credit card payment processing companies). With gasoline prices currently at around \$2.00 per gallon, this is an added expense of approximately \$0.06 to \$0.07 (6 to 7 cents) per gallon to the Vendor accepting credit card payment of invoices. With the unknown future cost of crude oil and refined products and possible increase of fuel prices to as high as \$3 or \$4 per gallon as seen in recent years, the credit card processing cost to the Vendor could be as much as 10 cents to 14 cents per gallon causing huge risk of losses to the Vendor due to commodity price volatility. For these reasons the State should abandon the idea of paying for vehicle motor fuel with a P-Card. If determined vendors must absolutely allow P-Card payments, then the State should allow the Vendor to impose a credit card payment processing fee as a percentage of the amount due. A Vendor proposing this alternative should not be considered "non-responsive" or "non-responsible".

Answer: If a bidder chooses to take exception to this term, please submit on the **EXCEPTIONS form, Attachment 3**, and include with your proposal. There is a place on the Exceptions form where vendors may offer suggestions/solutions.

The State reserves the right to accept or reject any exception taken by a bidder, in part or in its entirety. All exceptions can be subject for negotiation between the State and the bidder. Proposals will be evaluated and scored according to the criteria set forth in the RFP and Scope of Work.

**9. Section IV, Subsection A, General Administration, Paragraph 6.f. pg. 14**

Paragraph 6. DISQUALIFICATION OF VENDORS, item "f." on Page 14 reads as follows:

Any one or more of the following causes may be considered as sufficient for the disqualification of a vendor and the rejection of its proposal or proposals:

- f. If there are any unauthorized additions, interlineations, conditional or alternate bids or irregularities of any kind which may tend to make the proposal incomplete, indefinite, or ambiguous as to its meaning.

QUESTION: We ask that the State confirm that should a Proposer condition its fuel proposal (pricing or program offer) based on an exception such as "No Performance Bond", or "No P-Card acceptance for payment processing", the exception/condition shall not disqualify Proposer.

Answer: If a bidder take exception to a mandatory requirement, the bidder must state in writing, on the **EXCEPTIONS Form, Attachment 3**, the exception, the basis of the exception, any limiting or mitigating factors to fulfilling the mandatory requirement, and offer a suggestion/solution.

The State reserves the right to accept or reject any exception taken by a bidder, in part or in its entirety. All exceptions can be subject for negotiation between the State and the bidder. Proposals will be evaluated and scored according to the criteria set forth in the RFP and Scope of Work.

**10. Appendix A, Scope of Work, Section 2.C, B20 Availability, pg. 58**

Section 2. C on Page 58 reads as follows:

**C. B20 AVAILABILITY**

List all B20 Biodiesel distribution points.

At a minimum, successful bidders must identify one (1) each centrally located, in New Castle and Kent Counties, and two (2) sites available in Sussex County.

These B20 Biodiesel distribution points can be company owned and operated or independently contracted to provide access to said fuel. These B20 fuel pumps will be part of the overall debit/credit card system.

COMMENT: We request that item 2.C be removed from the Scope of Work or be given little or no weighting out of the 25 points shown in this section 2 for Infrastructure (Sites) and B20 Availability. Fleet card providers do not own gas stations and do not install tanks at retail stations. We cannot contractually require our card accepting retail merchants to install tanks and pumps for B20. This is outside the normal scope of a fleet card program or the control of a fleet card vendor and should not receive weighting. Furthermore, just from quick online research of B20 availability in the State, the request in the RFP is for more B20 locations than currently available statewide (for all gas stations in the state).

Answer: The current contract lists two B20 distribution points, one in Kent County and one in Sussex County. We are seeking availability in all three counties, as described in the scope of work. The availability of alternative fuel is important to the state.

If a vendor chooses to take exception to this requirement, the bidder must state in writing, on the EXCEPTIONS Form, Attachment 3, the exception, the basis of the exception, any limiting or mitigating factors to fulfilling the mandatory requirement, and offer a suggestion/solution.

The State reserves the right to accept or reject any exception taken by a bidder, in part or in its entirety. All exceptions can be subject for negotiation between the State and the bidder. Proposals will be evaluated and scored according to the criteria set forth in the RFP and Scope of Work.

**11. Appendix A, Scope of Work, 3.A. Fuel Price, Page 58, Also Appendix B price sheet**

The RFP reads as follows:

Alternative pricing structures may be offered whether you choose to use an O.P.I.S. posting, a refinery's rack price, or a discount off the retail posting. Regardless of the pricing method used, the discounts or additions shall remain firm for the contract term. For the purpose of evaluating the pricing proposals, you will be asked to quote a net price per gallon for all grades using your method and as it would apply on April 26, 2016.

If you choose as an index a discount off the retail posting, you will be required to quote the **net price** for each location should they differ.

**COMMENTS:**

1. We request the State put more weight on price. 20 points out of 100 on price seems quite low for this type of a project.
2. For fair evaluation of pricing, If evaluating retail-based pricing proposals compared to OPIS wholesale-based (cost plus pricing), the State should use OPIS Average Retail Prices not station specific pricing compared to OPIS cost plus prices.
3. Evaluating a single day of the year may not be an accurate reflection of OPIS wholesale-based pricing compared to retail-based pricing. The State should consider evaluating a longer period of time.

## QUESTIONS:

1. Please confirm a Proposer can submit two pricing proposals (Appendix B forms). A Proposer who can offer either pricing method should be able to offer both forms of pricing if the State is in fact accepting both pricing methods as defined in Appendix A, Section 3.A.

Answer: The scope of work states that bidders may choose to use OPIS, a refinery rack price, OR discount off the retail posting to submit pricing. Bidders are given the opportunity to select which method they want to use, however as per Section IV., A. 6. Disqualification of Vendors, a. states More than one proposal for the same contract from an individual, firm or corporation under the same or different names, is sufficient for disqualification of a vendor and the rejection of its proposal or proposals.

This solicitation is a Request for Proposal. Pricing is not the sole determining factor for award. Pricing is part of the evaluation criteria and will be evaluated as a whole, line by line, or in whatever way is in the best interest of the State.

2. On the Appendix B pricing spreadsheet, there is no column for pricing regular No. 2 Ultra Low Sulfur Diesel, please add this fuel grade to the form for pricing diesel.

Answer: Omitting a column for ULSD was an oversight. Bidders should use the Appendix B-Revised, when submitting their proposal.

3. On the Appendix B pricing spreadsheet, there is a column for B20 and the State is requesting B20 pricing for all the cities listed. There are no B20 stations in the cities listed. We recommend you not include a column for B20 pricing. If it must remain the State should realize that those cities don't have B20 stations and B20 pricing should not be used for pricing evaluations since it is generally not available and won't be convenient for state usage.

Answer: When submitting proposals, bidders should indicate NO BID or NA (not available) in the provided space for any category they are not bidding.

4. If Proposer offers a retail pricing structure, what retail price should we quote by City (one specific retail station's price in each City or the Average Retail Price on April 26<sup>th</sup> for each City? And, must we provide a list of sites for each City quoted with the Average Retail Price for both regular unleaded and diesel fuel (No. 2 Ultra Low Sulfur not B20)?

Answer: Appendix B – Tab 2, Pricing, lists the State's preference for pricing. A place has been provided to list a fueling location for each of the cities. Tab 1, provides a place for bidders to describe their pricing structure. Bidders should clearly describe how they are providing their price, whether it be Avg. Retail, Rack, or OPIS. Proposals will be evaluated and scored according to the criteria set forth in the RFP and Scope of Work.

For sake of retail-based pricing the State should again recognize there are hardly no B20 stations available so B20 retail prices won't be available for most all cities listed on the pricing form. We recommend you only use regular diesel fuel for sake of price evaluations.

## 12. **Appendix A, Scope of Work, Section 2.C. Sites and Location, pg. 57**

Section 2.C on Page 57 of RFP reads:

Using a state map, indicate the number and distribution of fuel dispensing sites to include the types of fuel available at each location, the number of POS pumps available for state employees use, and the hours of operation.



First, we recommend that the phrase “the number of POS pumps available for state employees use” be removed from this paragraph. It is not feasible for vendors to maintain a list or number of pumps at each card accepting station.

Secondly, we recommend you request Proposers to submit a location listing for the State of Delaware that provides comprehensive information. It is impossible to put the level of detail needed on a Map. A map can be provided to show overall coverage, but a list should provide the details.

Answer: This is not presented as a question, rather as a list of comments or suggestions, however, If a bidder does not agree with any of the State’s requirements and chooses to take exception, please submit on the EXCEPTIONS FORM, Attachment 3, and include in your proposal. There is also space on the EXCEPTIONS FORM to offer your suggestion/solution. Proposals will be evaluated and scored according to the criteria set forth in the RFP and Scope of Work. Proposals will be evaluated and scored according to the criteria set forth in the RFP and Scope of Work.

**13. Appendix A, Scope of Work, Section 2, Sites and Locations, page 57 & 58**

Section 2.C paragraph at end of Page 57 and top of Page 58 of RFP reads:

- Certify the ability to provide, at least one (1) tanker truck per county, in an emergency, to support evacuation operations at the discretion of state emergency officials. Also please describe, in detail, how your organization would initiate the positioning of this at the request of the State.

Fleet Card providers do not operate tanker trucks. We request that this entire paragraph be removed from this RFP. If the State requires an emergency fuel supply plan and contract then it should do a separate RFP for these services with very detailed specifications for the contractor. Emergency fueling after a disaster can be a tremendous task with great expense, logistics and detailed planning. This is outside the normal scope of services provided by a fleet card provider.

Answer: This paragraph will not be removed from the RFP. While the State has prepared for a variety of emergency situations, having redundant provisions in place safeguards all people present who are required to evacuate. If you choose to take exception to this term please submit on the EXCEPTIONS FORM, Attachment 3, and include in your proposal. There is also space on the EXCEPTIONS FORM to offer your suggestion/solution. Proposals will be evaluated and scored according to the criteria set forth in the RFP and Scope of Work.

**14. Will a vendor be allowed to view or ask additional questions concerning the ability to communicate and potentially view Fuelmaster and Gasboy Equipment on site?**

Answer: Section I, Introduction, E. Contact with State Employee, Direct contact with State of Delaware employees other than the State of Delaware Designated Contact regarding this RFP is expressly prohibited without prior consent. Vendors directly contacting the State of Delaware employees risk elimination of their proposal from consideration. Exceptions exist only for organizations currently doing business in the State who require contact in the normal course of doing that business.

**15. Item 31. Please clarify the use of “I Found it Cheaper” as it relates to this contract. Specifically identify Risk associated with a negotiated contract such as this.**

Answer: The intent of the I Found It Cheaper Suggestion process is to permit any State employee or or vendor to identify a lower price for material and/or services for consideration despite the existence of a Central Contract. The process involves researching to ensure we are comparing identical material or services and includes giving the contracted vendor the opportunity to meet or beat the identified lower price. In the event the contracted vendor cannot meet or beat the lower price, the Director can waive the use of the central contract for that procurement. The IFIC is designed for a one time purchase, and is not used to replace any existing contract, however it does provide us with valuable market information for the next solicitation.



16. Item 36. Please clarify that it is the intent of the State to pay for all or most fuel transactions with a Pcard as the primary method of payment.

Answer: Item 36.c. While it is the State's intention to utilize the P-card payment method, the State reserves, at its discretion, the right to pay by ACH/ACI or check.

17. Item 5.C. Integration Ability. Please detail the following information concerning DeIDOT owned Facilities:

\*Please explain expectations on memo transactions. Is that state seeking collection of Transaction data only consolidated with retail purchases?

Answer: Currently memo transactions are not part of the weekly vendor fuel interface file. They need to be. DeIDOT needs the Transaction data only for memo transactions.

\*Does DeIDOT own all of its Fuelmasters, Gasboys, and necessary communication Equipment of that equipment?

Answer: Yes, DeIDOT owns all of its Fuelmasters, Gasboys, and communication equipment.

\*Is there a state assigned dollar value to gallons associated with DeIDOT owned facilities, If so, how is that applied?

Answer: The dollar value varies between fuel deliveries. It is applied by using gallons dispensed from DeIDOT owned facilities.

\*What means of communication is available at DeIDOT facilities for vendor use? Is it State owned landline, HTTP, or cell modems?

Answer: Communication available at DeIDOT facilities is through State owned landline modem.

\*What is the model number of existing Fuelmasters and Gasboys?

Answer: DeIDOT has two Gasboy 9153K dispenser. The other twelve are Fuel Master Plus systems.

\*Is the current vendor directly interfacing with the card readers and updating as required or Is this occurring through a dial out authorization process?

Answer: The interfacing currently takes place through dial out authorization process.

18. May additional locations be added to the pricing spreadsheet (2). ?

Answer: The Scope of Work, A. Sites and Locations states the minimum desired site coverage. The sites provided on Appendix B are the minimum. If a bidder wishes to include additional locations, please follow the Scope of Work instructions and include this information in your proposal. Do not alter the pricing spreadsheet.

19. How do you calculate the amount of the Performance Bond you require for this business? Is the \$7,682,045.00 figure in Attachment 11 the amount you require for the bond? If so how Was it calculated?

Answer: The amount of \$7,682,045.00 is one fiscal year's total spend for the existing contract and is the amount required for this contract.

20. Do you want a vendor who can deliver fuel to the DOT owned tanks, or do you just need a vendor Who will report transactions of fuel dispensed from those tanks? Are you interested in a vendor who Would deliver and maintain consignment fuel at those tanks, invoicing at the time fuel is dispensed, And then reporting in consolidated reports with your retail purchases?

Answer: Currently we just need a vendor who will report transactions from DOT owned tanks. We are exploring having a vendor to deliver and maintain consignment fuel and would like more information, including set rates and the process. If this process meets our needs, we would like that as an option.

Deadline to submit bids is May 17, 2016 1:00 p.m. local time  
All other terms and conditions remain the same.

S:\ GSS16157 AD2 to RFP



**GOVERNMENT SUPPORT SERVICES – CONTRACTING**

100 ENTERPRISE PLACE – SUITE 4 – DOVER, DE 19904-8202  
PHONE: (302) 857-4550 – FAX: (302) 739-3779 – [GSS.OMB.DELAWARE.GOV](http://GSS.OMB.DELAWARE.GOV)